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28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
(SAN FRANCISCO DIVISION)

ASUSTEK COMPUTER, INC., ASUS
COMPUTER INTERNATIONAL,

Plaintiffs/Counter-Defendants,
v.

INTERNATIONAL BUSINESS MACHINES
CORPORATION,

Defendant/Counter-Plaintiff.

Case No. C08-CV-1168-MMC

**JOINT CASE MANAGEMENT
STATEMENT AND PROPOSED ORDER**

Judge: Hon. Maxine M. Chesney

Date: June 6, 2008

Time: 10:30 am

Ctrm.: 7

Plaintiffs/Counterclaim-Defendants ASUSTeK Computer, Inc. and ASUS Computer International (collectively "Plaintiffs" or "ASUS") and Defendant/Counterclaim-Plaintiff International Business Machines Corporation ("Defendant" or "IBM") respectfully submit their Joint Case Management Statement and Proposed Order and request the Court to adopt it as its Case Management Order in this case.

1. Jurisdiction and Service

ASUS and IBM agree that the Court has subject matter jurisdiction. All parties have been served.

2. Facts

This is a declaratory judgment action alleging non-infringement and invalidity of U.S. Patent No. 5,008,829 ("the '829 patent") titled "Personal Computer Power Supply", U.S. Patent No. 5,249,741 ("the '741 patent") titled "Automatic Fan Speed Control", and U.S. Patent No. 5,371,852 ("the '852 patent") titled "Method and Apparatus for Making a Cluster of Computers Appear as a Single Host on a Network" (collectively "the patents in suit"). The '829 patent, in general, relates to personal computers with power supplies for supplying electrical power to electrically operated components which manipulate or store digital data. The '741 patent, in general, relates to a method and apparatus for cooling a computer system. The '852 patent, in general, relates to a method and

1 apparatus for routing information to and from a computer node within a cluster of computers
2 making the cluster appear as a single computer to host computers outside the cluster.

3 ASUS filed the instant Complaint on February 27, 2008 and served the complaint on March
4 3, 2008. ASUS seeks a declaratory judgment that they or their products do not infringe and have
5 not infringed any claim of the patents in suit. ASUS also seeks a declaratory judgment that that one
6 or more claims of the patents in suit are invalid under the Patent Act, 35 U.S.C. § 101, *et seq.*,
7 including, but not limited to, sections 102, 103 and 112.

8 On March 24, 2008 IBM answered the Complaint. IBM denies ASUS' non-infringement
9 claims and believes the asserted claims are valid and enforceable. Further, IBM counterclaimed
10 that ASUS has directly, indirectly, contributorily and/or by inducement infringed and continue to
11 infringe the asserted patents and that such infringement has been and continues to be willful. IBM
12 also seeks to enjoin ASUS from further infringement of the asserted patents and seeks actual
13 damages, treble damages under 35 U.S.C. § 284, costs, expenses, prejudgment interest and any
14 further relief that the Court deems just and appropriate.

15 On May 9, 2008 ASUS replied to IBM's counterclaims denying the claims of infringement
16 and asserting the affirmative defenses of invalidity and of unenforceability under an express or
17 implied license and/or patent exhaustion/first sale doctrine. IBM reserves its right to strike the reply
18 as being untimely filed.

19 **3. Legal Issues**

20 ASUS and IBM agree that it is premature to specifically respond to this area of inquiry.
21 Preliminarily, ASUS and IBM agree that the disputed legal issues in this case relate to patent
22 infringement under 35 U.S.C. § 271, various grounds for invalidity under 35 U.S.C. §§ 101, 102,
23 103, 112, and unenforceability based on patent license/exhaustion principles. ASUS and IBM also
24 agree that issues of claim construction will be subjects of dispute. IBM believes that issues relating
25 to injunctions and damages will be subjects of dispute.

26 **4. Motions**

27 There are no pending motions. However, both parties anticipate that it is likely that they will
28 bring motions for summary judgment. ASUS anticipates filings motions for summary judgment of

1 non-infringement, invalidity and/or unenforceability after the Court construes the relevant claims.
2 IBM anticipates filing motions for summary judgment of infringement and/or dismissal of ASUS'
3 validity defenses as well as ASUS' licensing and/or exhaustion unenforceability defenses.

4 **5. Amendment of Pleadings**

5 The parties agree to amend the pleadings by the date set forth in the schedule that is set by
6 the Court.

7 **6. Evidence Preservation**

8 ASUS prepared and circulated a document retention memorandum to all relevant employees
9 requiring the preservation of all materials relevant to this action. IBM prepared and circulated a
10 document retention memorandum to all relevant employees requiring the preservation of all
11 materials relevant to this action.

12 **7. Disclosures**

13 The parties agreed to serve initial disclosures on June 3, 2008, and to produce initial
14 disclosure documents accompanying the initial disclosures on June 20.

15 **8. Discovery**

16 The parties had Rule 26(f) conferences during the weeks of May 12, 2008 and May 19,
17 2008. The parties agreed to commence service of formal discovery on June 20. At this time, the
18 parties do not propose altering the discovery limits imposed by the Federal Rules of Civil Procedure
19 and the Local Rules. ASUS, however, believes that damages discovery should be deferred until
20 after the Court issues its claim construction order. IBM disagrees and believes that there is no
21 factual or legal basis for deferring damages discovery until after claim construction, particularly
22 since there are overlapping discovery issues relating to damages and patent validity such as
23 commercial success.

24 The proposed schedule for discovery is incorporated in the Proposed Docket control
25 Deadlines, set forth below.

26 **9. Class Actions**

27 Not applicable.
28

1 **10. Related Cases**

2 This case is related to *Certain Computer Products, Computer Components and Products*
3 *Containing Same*, Inv. No. 337-TA-628 before the International Trade Commission (“ITC
4 investigation”). On December 5, 2007, IBM filed an initial Complaint and requested that the
5 Commission commence an investigation against ASUS pursuant to Section 337 of the Tariff Act of
6 1930, as amended. The Complaint alleges that ASUS has engaged in unlawful importation into the
7 United States, the sale for importation into the United States and/or the sale within the United States
8 after importation of certain computer products, including personal computers, notebooks, servers,
9 Barebone personal computers and routers, and computer components including motherboards and
10 graphics cards and products containing such allegedly infringing computer components. In the ITC
11 investigation IBM alleges that the ’829, ’741 and ’852 patents are valid and infringed.

12 The Commission instituted an investigation on January 4, 2008. On January 31, 2008, IBM
13 moved to amend the Complaint and Notice of Investigation in order to add Pegatron Corp.
14 (“Pegatron”) and Unihan Corp. (“Unihan”) as additional respondents. On February 12, 2008, the
15 Commission issued its Initial Determination amending the Complaint and Notice of Investigation to
16 include Pegatron and Unihan as additional respondents. Respondents denied the infringement
17 allegations in the Amended Complaint and asserted three affirmative defenses: (1) Invalidity; (2)
18 Unenforceability – Express or Implied License; and (3) Unenforceability - Patent Exhaustion/First
19 Sale. Since the filing of the initial Complaint, the parties have served discovery requests and
20 responses, and have produced documents in response to such requests. Further, the parties have
21 participated in the first of three Court ordered settlement conferences.

22 On February 27, 2008, ASUS filed the present action. Like the ITC investigation, this case
23 is a patent matter and it involves the same patents.

24 **11. Relief**

25 ASUS requests the declaration of the Court that it does not infringe and has not infringed
26 any claim of the patents in suit and/or that one or more claims of the patents in suit are invalid under
27 the Patent Act, 35 U.S.C. § 101, *et seq.*, including, but not limited to, sections 102, 103 and 112.
28 ASUS also seeks to enjoin IBM from charging, either orally or in writing, that any of the patents in

1 suit are infringed by ASUS, directly or indirectly. ASUS also requests that it be awarded its costs,
2 expenses and reasonable attorney fees in this action and any further relief that the Court may deem
3 appropriate.

4 IBM requests the declaration of the Court that ASUS has infringed, actively induced
5 infringement of, and/or contributorily infringed the asserted patents. IBM also seeks to enjoin
6 ASUS from further infringement of the asserted patents. IBM further requests that it be awarded
7 actual damages, treble damages under 35 U.S.C. § 284, costs, expenses, prejudgment interest and
8 any further relief that the Court deems just and appropriate.

9 **12. Settlement and ADR**

10 On March 18, 2008, in accordance with the procedural schedule promulgated by Judge
11 Theodore Essex in the ITC action, the ASUS and IBM held the first of three mandated settlement
12 conferences. During this mandated settlement conference, the parties agreed to informally hold
13 settlement conferences beyond those mandated by Judge Essex. The next court ordered settlement
14 conference in the ITC action is scheduled for June 10, 2008. Further, the parties have stipulated to
15 the use of mediation pursuant to ADR L.R. 6.

16 **13. Consent to Magistrate Judge For All Purposes**

17 IBM declined to consent to the assignment of this action to a United States Magistrate Judge
18 for trial and disposition.

19 **14. Other References**

20 ASUS and IBM do not believe this case is suitable for reference to binding arbitration, a
21 special master, or the Judicial Panel on Multidistrict Litigation.

22 **15. Expedited Schedule**

23 The parties do not believe this is the type of case that can be handled on an expedited basis
24 with streamlined procedures. However, IBM believes that its schedule proposed below is
25 appropriate for this case while ASUS' schedule is far too protracted. ASUS believes that its
26 schedule proposed below is appropriate for this case given the related ITC action, which is
27 scheduled for trial on October 14, 2008.

28 **16. Narrowing of Issues**

The parties also believe that it is premature to narrow issues for trial, or to suggest any manner in which such issues may be narrowed other than as already anticipated by the Patent Local Rules.

17. Scheduling - Proposed Docket Control Deadlines

The parties propose the following dates for this case:

	Defendant's Proposed Dates	Plaintiffs' Proposed Dates	Ordered Dates	
a. Case Management Conference	June 6, 2008	Jun. 6, 2008 10:30 a.m.	June 6, 2008 10:30 a.m.	Court Order
b. Disclosure of Asserted Claims and Preliminary Infringement Contentions	June 20, 2008	Jun. 20, 2008	Jun. 20, 2008	Patent L.R. 3-1 [not later than 10 days after CMC]
c. Preliminary Invalidity Contentions	August 4, 2008	Aug. 4, 2008	Aug. 4, 2008	Patent L.R. 3-3 [not later than 45 days after Disclosure of Asserted Claims]
d. Preliminary Unenforceability and Non-infringement Contentions	August 4, 2008	No date is necessary or required to be set ¹		
e. Exchange of Proposed Terms and Claim Elements for Construction	August 18, 2008	Jan. 28, 2009		Patent L.R. 4-1 [not later than 10 days after Preliminary Invalidity Contentions] ²

¹ ASUS does not believe a date for disclosing contentions for which a party bears the burden need be set, other than for infringement and invalidity as contemplated by the patent local rules. Moreover, IBM's attempt to require ASUS to provide non-infringement contentions is not supported by the patent local rules as IBM has filed infringement counterclaims. *See, e.g.*, Pat. L.R. 3-5.

² ASUS believe that tolling the claim construction-related deadlines from the date of the Initial Determination in the related ITC action is issued, which is January 14, 2009, would be a more efficient use of judicial resources given the Court and parties will have the benefit of the administrative law judges opinion on claim construction after the parties have vetted claim construction issues in the ITC action. IBM disagrees; there is no legal or logical reason to deviate from the Patent Local Rules of this Court. IBM believes that both this case and the ITC case can and should proceed in parallel, otherwise the delay will prejudice IBM.

		Defendant's Proposed Dates	Plaintiffs' Proposed Dates	Ordered Dates
1				
2				
3	f. Exchanged of	September 8,	Feb. 17, 2009	Patent L.R. 4-2
4	Preliminary Claim	2008		[not later than 20
5	Constructions and			days after
	Extrinsic Evidence			Exchange of
				Prop. Terms]
6	g. Designate Claim	See Patent L.R.	Jan. 28, 2009	Agreement of
7	Construction	4-2		Parties
	Experts			
8	h. Joint Claim	October 3, 2008	Mar. 16, 2009	Patent L.R. 4-3
9	Construction and			[not later than 60
10	Pre-hearing			days after
11	Statement			Preliminary
				Invalidity
				Contentions]
12	i. Completion of	November 3,	Apr. 15, 2009	Patent L.R. 4-4
13	Claim	2008		[not later than 30
14	Construction			days after Joint
	Discovery			Claim
				Construction]
15	j. Plaintiffs'	November 17,	Apr. 30, 2009	Patent L.R. 4-5
16	Opening Claim	2008		[not later than 45
17	Construction			days after Joint
18	Briefs			Claim
				Construction]
19	k. Defendant's	December 1,	May 14, 2009	Patent L.R. 4-5
20	Responsive Claim	2008		[not later than 14
21	Construction			days after
	Briefs			opening brief]
22	l. Plaintiffs' Reply	December 10,	May 25, 2009	Patent L.R. 4-5
23	Claim	2008		[not later than 7
24	Construction Brief			days after service
				of responsive
				brief]
25	m. Claim	December 22,	Jun. 9, 2009	Patent L.R. 2-1
26	Construction Pre-	2008		[after Joint
27	hearing			Claim Constr.
28	Conference			and Pre-hearing
				Statement]

		Defendant's Proposed Dates	Plaintiffs' Proposed Dates	Ordered Dates
n.	Claim Construction Hearing	January 5, 2009	Jun. 12, 2009	Patent L.R. 4-6 (2 weeks after reply brief - subject to Court availability)
o.	Claim Construction Ruling (Estimated to allow for subsequent dates to be provided)	February 5, 2009	Sept. 9, 2009	
p.	Last Day to Amend Pleadings	May 1, 2009	Oct. 9, 2009	Agreement of Parties
q.	Final Infringement Contentions	March 9, 2009	Oct. 9, 2009	Patent L.R. 3-6 [30 days after Claim Construction Ruling]
r.	Final Invalidity, Contentions	March 27, 2009	Oct. 29, 2009	Patent L.R. 3-6 [50 days after Claim Construction Ruling]
s.	Final Unenforceability and Non- infringement Contentions	March 27, 2008	No date is necessary or required to be set ³	
t.	Opinion of Counsel as Defense to Willfulness	March 27, 2009	Oct. 29, 2009	Patent L.R. 3-8 [50 days after claim construction ruling]

³ ASUS does not believe a date for disclosing contentions for which a party bears the burden need be set, other than for infringement and invalidity as contemplated by the patent local rules. Moreover, IBM's attempt to require ASUS to provide non-infringement contentions is not supported by the patent local rules as IBM has filed infringement counterclaims. *See, e.g.,* Pat. L.R. 3-5.

		Defendant's Proposed Dates	Plaintiffs' Proposed Dates	Ordered Dates
1				
2				
3	u. Designate Technical Experts	April 1, 2009	February 1, 2010	Agreement of Parties
4	v. Deadline to Complete Fact Discovery	May 6, 2009	Mar. 2, 2010	Agreement of Parties
5				
6	w. Deadline for party with the burden of proof to submit expert reports	June 15, 2009	Mar. 28, 2010	FRCP 26(a)(2)(C)
7				
8				Agreement of Parties
9	x. Deadline for parties to submit responsive expert reports	July 6, 2009	Apr. 26, 2010	FRCP 26(a)(2)(C)
10				
11				Agreement of Parties
12	y. Deadline to complete expert discovery	July 27, 2009	May 19, 2010	Agreement of Parties
13				
14	z. Deadline for parties to file dispositive motions	August 17, 2009	Jun. 10, 2010	Agreement of Parties
15				
16				
17	aa. Hearing on Final Dispositive and <i>Daubert</i> Motions ⁴	September 17, 2009	Jul. 30, 2010	6/6/2008 CMC; Subject to Court Availability
18				
19	bb. Joint Pretrial Conference Statement and Proposed Order	October 12, 2009	Sept. 21, 2010	FRCP 16; L.R. 16-10; Judge Chesney Pretrial Order [10 court days before Pretrial Conference]
20				
21				
22				
23	cc. File Motions in Limine	October 12, 2009	Sept. 21, 2010	Judge Chesney Pretrial Order [10 court days before Pretrial Conference]
24				
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⁴ This schedule assumes final dispositive motion rulings within sixty (60) days after the hearing.

		Defendant's Proposed Dates	Plaintiffs' Proposed Dates	Ordered Dates
1				
2				
3	dd. Provide Copies of	October 12, 2009	Sept. 21, 2010	Judge Chesney
4	Exhibits to Other			Pretrial Order
5	Parties and			[10 court days
6	Stipulation re			before Pretrial
7	Admissibility of			Conference]
8	Exhibits for			
9	presentation at			
10	Pretrial			
11	Conference			
12	ee. File Joint Set of	October 12, 2009	Sept. 21, 2010	Judge Chesney
13	Agreed Upon Jury			Pretrial Order
14	Instructions and			[10 court days
15	Individual Sets of			before Pretrial
16	Instructions not			Conference]
17	agreed upon and			
18	Objections			
19	ff. File Joint	October 15, 2009	Sept. 28, 2010	Judge Chesney
20	Preliminary			Pretrial Order
21	Statement and/or			[1 week before
22	Preliminary			Pretrial
23	Instructions (for			Conference]
24	the jury)			
25	gg. File Opposition to	October 16, 2009	Sept. 28, 2010	Judge Chesney
26	Motions in Limine			Pretrial Order
27				[5 court days
28				before Pretrial
				Conference]
	hh. File List of	October 21, 2009	Oct. 4, 2010	Judge Chesney
	Exhibits with			Pretrial Order
	Stipulations and			[1 court day
	Objections			before Pretrial
				Conference]
	ii. File list of	October 21, 2009	Oct. 4, 2010	Judge Chesney
	Objections to			Pretrial Order
	Other			[1 court day
	Evidence			before Pretrial
				Conference]
	jj. File Proposed Jury	October 21, 2009	Oct. 4, 2010	Judge Chesney
	Voir Dire and			Pretrial Order
	Proposed Form of			[1 court day
	Verdict			before Pretrial
				Conference]

	Defendant's Proposed Dates	Plaintiffs' Proposed Dates	Ordered Dates
kk. Pretrial Conference	October 22, 2009	Oct. 5, 2010	6/6/2008 CMC; Subject to Court Availability
ll. Pretrial Disclosures	October 6, 2009	Nov. 5, 2010	FRCP 26(a)(3) [~30 days before trial]
mn. Objections to Pretrial Disclosures	October 20, 2009	Nov. 19, 2010	FRCP 26(a)(3) [14 days after Pretrial Disclosures]
nn. Provide Exhibits to Court	November 5, 2009	Dec. 6, 2010	Judge Chesney Pretrial Order [First day of Trial]
oo. Trial	November 5, 2009	Dec. 6, 2010	6/6/2008 CMC; Subject to Court Availability

ASUS and IBM reserve their right to request that the schedule be amended due to changes occurring in the course of the case.

18. Trial

The trial will be a jury trial, but ASUS and IBM otherwise believe that it is premature to estimate the length of trial.

19. Disclosure of Non-party Interested Entities or Persons

Both parties filed a Certification of Interested Entities or Persons stating that, other than the named parties, there is no such interest to report.

20. Claim Construction Hearing

The Patent Local Rules Require the parties to meet and confer about the manner in which the claim construction hearing will proceed. The parties have discussed the matters specified in the Patent Local Rules and believe that a determination of the manner in which the hearing will proceed, other than schedule as set forth above, is premature.

1 Dated: June 6, 2008

/s/ John P. Schnurer

2 Attorney for Plaintiffs ASUSTEK Computer, Inc.

3 Dated: June 6, 2008

/s/ Christopher A. Hughes

4 Attorney for International Business Machines
5 Corporation

6
7 **CASE MANAGEMENT ORDER**

8 The Case Management Statement and Proposed Order is hereby adopted by the Court as
9 the Case Management Order for the case and the parties are ordered to comply with this Order.
10

11 Dated: _____

12 The Honorable Maxine M. Chesney
13 United States District Judge
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1 Dated: May 30, 2008 ^{GPS}
2 ~~June 6, 2008~~

/s/ John P. Schnurer

Attorney for Plaintiffs ASUSTEK Computer, Inc.

3 Dated: June 6, 2008

/s/ Christopher A. Hughes

Attorney for International Business Machines
4 Corporation

5
6
7 **CASE MANAGEMENT ORDER**

8 The Case Management Statement and Proposed Order is hereby adopted by the Court as
9 the Case Management Order for the case and the parties are ordered to comply with this Order.
10

11 Dated: _____

12 The Honorable Maxine M. Chesney
13 United States District Judge

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing document has been served on May 30, 2008 to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system per Fed. R. Civ. P. 5(b)(3). Any other counsel of record will be served by electronic mail, facsimile and/or overnight delivery.

Dated: May 30, 2008

By: /s/ John P. Schnurer
John P. Schnurer

Attorneys for Plaintiffs and Counter-
Defendants ASUSTeK Computer, Inc. and
ASUS Computer International